

Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

- Balaji Amines Ltd. (BAL) posted robust growth on YoY basis, however performance on sequential basis was muted. Top line came slightly below expectations, primarily due to underperformance by the standalone business, while gross profit margin was under pressure despite stable raw material prices impacting profitability. Balaji Specialty Chemicals (BSC) continued its robust performance on strong realisations.
- Consolidated revenue came in at INR628cr, up +19% YoY but down -6% QoQ. EBITDA stood at INR173cr, rising +33% YoY but falling -19% QoQ. For the quarter, EBITDA margin expanded +286 bps YoY but contracted -447 bps QoQ to 28%, with sequential compression mainly due to gross profit margin pressure. Consolidated PAT (after MI) grew +16% YoY but fell -25% QoQ to INR93cr.
- The standalone business recorded soft performance on sequential basis, largely on account of normalisation in realisations (sequentially) and lower contribution from the Dimethyl Carbonat (DMC)/ Propylene Carbonate (PC) and Propylene Glycol (PG) plant. However, we expect commencement of production at DMC / PG facility should lead to volume uptick and realisation improvement in the coming quarters.
- We expect BAL earnings to register robust 22% CAGR over FY23–25e owing to a strong pipeline of capacity additions under Phase II greenfield expansion plans and ramp-up of capacities added under Phase I. We maintain our 'BUY' rating with a revised TP of INR4,250.

Volume uptick allays demand concerns; normalised realisations impact profitability

The standalone amines business recorded +4% rise in volume offtake sequentially to 23,253 MT (-1% YoY) amid a challenging environment across Pharma and API industries in the global market. It was driven by +21% QoQ growth in Specialty Chemicals' segmental volumes to 9,174 MT (-3% YoY). DMF utilisation during the quarter stood at 68–70% and is on track to achieve the 75% utilisation target by FY23-end. However, realisations stood at INR192/kg (+5% YoY / -16% QoQ), correcting from the all-time high realisations reported in the previous quarter (INR227/kg). This resulted in muted top-line growth, which stood at INR446cr up +3% YoY but down -13% QoQ.

Subsidiary continues to outperform; strong realisation aids performance

In Q2FY23, subsidiary Balaji Specialty Chemicals Ltd. (BSC) posted robust performance, with top line coming in at INR178cr, up +89% YoY / +13% QoQ. This growth was driven by strong realisation during the quarter at INR340/kg, up +71% YoY / +6% QoQ, while volume stood at 5,245 MT, up +10% YoY / +6% QoQ. Strong realisation, along with volume uptick, indicates a healthy demand environment for its products. The management is looking for independent listing of BSC and filled DRHP for the same, update on which is expected soon.

Strong capex pipeline to drive long-term growth

Under Phase 2 of the greenfield project, BAL announced a strong pipeline of capex for setting up the following capacities: (i) n-Butylamine capacity (15,000 MTPA), (ii) Acetonitrile plant (15,000 MTPA) based on new technology, which will aid in absorbing acetic acid price volatility, (iii) separate DMF plant with 30,000 MTPA additional capacity to cater to growing demand from the Pharma and API industries and (iv) 40,000 MTPA capacity addition of Methylamines to satisfy rising demand from the Agrochemical and Pharma industries. Construction activity of the Methylamine plant is progressing well and completion is expected in the next 7–8 months.

Volume surge on the back of capacity addition to accelerate earnings growth; maintain 'BUY'

While 2QFY23 BAL performance came slightly below our estimates, we expect better performance in 2HFY23. The DMC/PC and PG plant started operations by the end of September; though slightly delayed, it is expected to see a quick ramp-up to optimum capacity by FY23-end with a revenue potential of INR250–300cr. Over FY23–25, we expect robust BAL performance to be chiefly driven by volume growth coming from (i) DMC and PG plant, (ii) n-Butyl amine, (iii) Dimethyl Formamide, (iv) Acetonitrile and (v) Methylamine plants. With the operationalisation of these plants, the management aims to achieve the INR4,000cr mark in top line. We expect Balaji Amines earnings to register 22% CAGR over FY23–25e. We remain positive on BAL due to: (i) operationalisation of the DMC and propylene glycol plant (September 2022), (ii) ramp-up in recently added DMF and acetonitrile capacities, (iii) continuation of strong realisation of BSC products and (iv) strong capex pipeline spread over the next two years. We have revised our earnings estimates downwards by ~10% for FY23–25e. We have introduced estimates for FY25 and roll forward our valuation to FY25e EPS. We maintain TP of INR4,250 and the stock is trading at 25x average FY24 and FY25 price-to-earnings multiple.

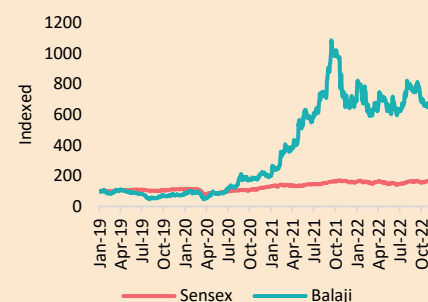
| Year to March | Q2FY23 | Q2FY22 | % change | Q1FY23 | % change | FY22 | FY23E | FY24E | FY25E |
|-------------------|--------|--------|----------|--------|----------|-------|-------|-------|-------|
| Revenues (INR Cr) | 628 | 526 | 19.4 | 670 | -6.4 | 2,320 | 2,522 | 3,048 | 3,576 |
| % Growth (yoy) | | | | | | 77 | 9 | 21 | 17 |
| EBITDA | 173 | 130 | 33.2 | 215 | -19.4 | 630 | 725 | 847 | 995 |
| % Growth (yoy) | | | | | | 69 | 15 | 17 | 17 |
| Net profit | 93 | 80 | 16.1 | 123 | -24.7 | 368 | 407 | 496 | 608 |
| Diluted EPS | 29 | 25 | 16.1 | 38 | -24.7 | 114 | 126 | 153 | 188 |
| Diluted P/E (x) | | | | | | 18 | 24 | 20 | 16 |
| EV/EBITDA (x) | | | | | | 15 | 13 | 11 | 9 |
| ROCE (%) | | | | | | 47 | 40 | 36 | 33 |

Nikhil Shetty
Research Analyst
Nikhil.shetty@edelweiss.in

Prasad Hase
Research Analyst
Prasad.hase@edelweiss.in

CMP INR: 3,004
Rating: BUY
Target Price INR: 4,250
Upside: 41%
Date: October 31, 2022

| Bloomberg: | BLA:IN |
|-------------------------|---------------|
| 52-week range (INR): | 2,693 / 5,224 |
| Share in issue (crore): | 3 |
| M-cap (INRcr): | 9,732 |
| Promoter holding (%) | 53.70 |



Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Q2FY23 Result Highlights

| Particulars | Q2FY23 | Q2FY22 | % change | Q1FY23 | % change | FY22 | FY23E | FY24E | FY25E |
|--------------------------------------|------------|------------|-----------|------------|------------|--------------|--------------|--------------|--------------|
| Income from operations | 628 | 526 | 19 | 670 | -6 | 2,320 | 2,522 | 3,048 | 3,576 |
| Cost of goods sold | 325 | 279 | 16 | 319 | 2 | 1,223 | 1,241 | 1,557 | 1,883 |
| Gross Profit | 302 | 246 | 23 | 351 | -14 | 1,098 | 1,281 | 1,490 | 1,693 |
| Employee expenses | 21 | 20 | 8 | 26 | -19 | 92 | 110 | 130 | 159 |
| Other expenses | 108 | 97 | 11 | 110 | -2 | 376 | 446 | 514 | 539 |
| Total operating expenses | 454 | 396 | 15 | 455 | -0 | 1,690 | 1,797 | 2,200 | 2,581 |
| EBITDA | 173 | 130 | 33 | 215 | -19 | 630 | 725 | 847 | 995 |
| Depreciation and amortisation | 11 | 11 | -0 | 11 | -1 | 42 | 54 | 67 | 83 |
| EBIT | 162 | 119 | 36 | 204 | -20 | 588 | 671 | 780 | 912 |
| Interest expenses | 3 | 4 | -25 | 3 | -9 | 17 | 11 | 8 | 8 |
| Other Income | 3 | 4 | -33 | 5 | -39 | 7 | 10 | 10 | 10 |
| Profit before tax | 162 | 119 | 36 | 205 | -21 | 578 | 670 | 782 | 914 |
| Provision for tax | 43 | 31 | 39 | 57 | -24 | 160 | 168 | 196 | 229 |
| Core profit | 119 | 88 | 35 | 148 | -20 | 418 | 502 | 585 | 684 |
| Extraordinary items adjusted for tax | - | - | - | - | - | - | - | - | - |
| Minority Interest | -26 | -8 | - | -25 | - | -49 | -95 | -89 | -76 |
| Adjusted net profit | 93 | 80 | 16 | 123 | -25 | 368 | 407 | 496 | 608 |
| Number of shares (crore) | 3 | 3 | - | 3 | - | 3 | 3 | 3 | 3 |
| Diluted EPS (INR) | 29 | 25 | 16 | 38 | -25 | 114 | 126 | 153 | 188 |

Revised Estimates

| | FY23E | | | FY24E | | | FY25E | | |
|-------------------|----------|---------|----------|----------|---------|----------|----------|---------|----------|
| | Previous | Revised | % Change | Previous | Revised | % Change | Previous | Revised | % Change |
| Sales | 2,666 | 2,522 | -5% | 3,133 | 3,048 | -3% | 3,745 | 3,576 | -5% |
| EBITDA | 758 | 725 | -4% | 900 | 847 | -6% | 1,079 | 995 | -8% |
| EBITDA Margin (%) | 28.4% | 28.8% | 33 | 28.7% | 27.8% | -94 | 28.8% | 27.8% | -98 |
| Core PAT | 526 | 502 | -5% | 625 | 585 | -6% | 747 | 684 | -8% |
| PAT (ex min.) | 454 | 407 | -10% | 551 | 496 | -10% | 679 | 608 | -11% |
| EPS | 140 | 126 | -10% | 170 | 153 | -10% | 210 | 188 | -11% |

Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Financial Charts

Exhibit 1: New capacities to drive growth - Revenue (INR cr)

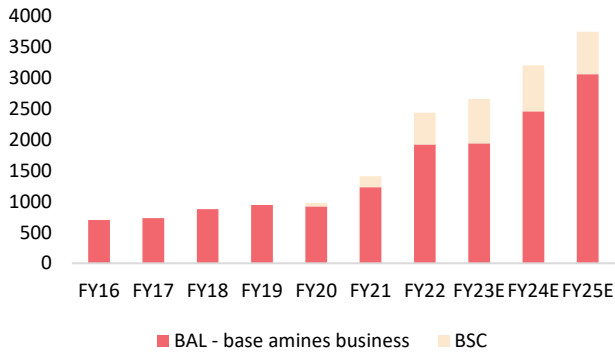


Exhibit 2: Volume and volume mix for BAL's products (in MT)

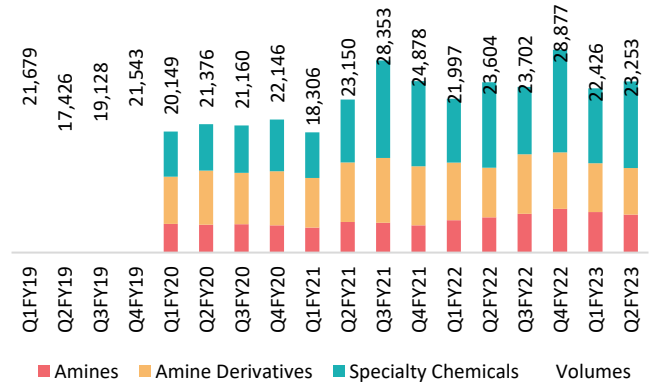


Exhibit 3: Unit level realisation and EBITDA for BAL is on an improving trend

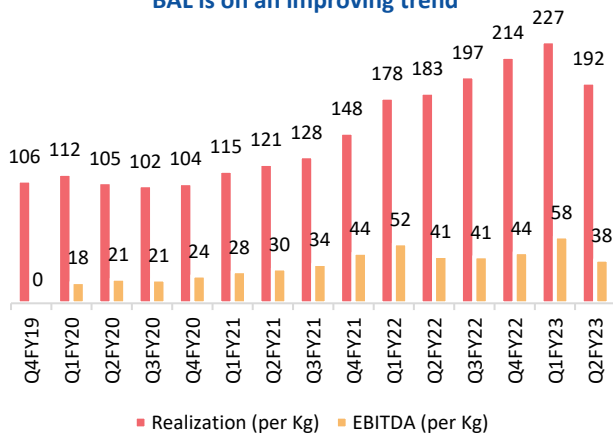


Exhibit 4: PAT CAGR expected to be robust (INR cr)

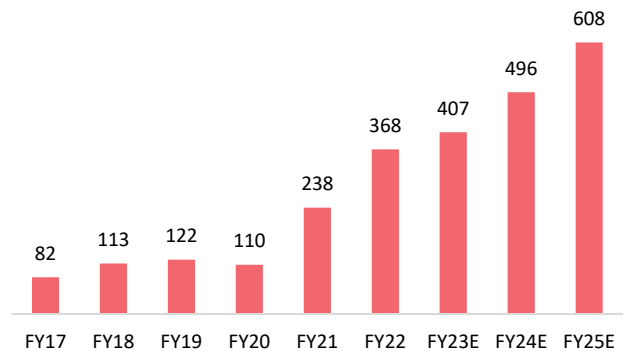
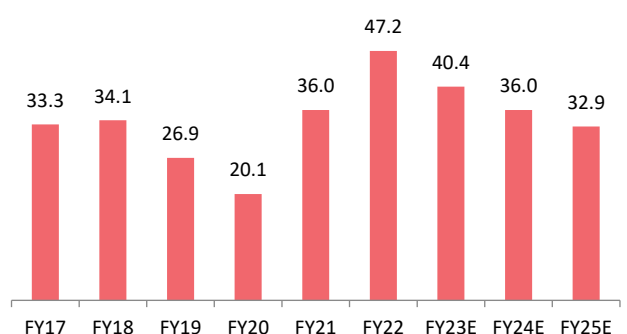


Exhibit 5: RoAE (%)



Exhibit 6: RoACE (%)



Source: Edelweiss Wealth Research

Q2FY23 Result Update Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Previous outlook

Q1FY23: BALS' strong bottom-line performance is indicative of its changing product mix, improving realisations and operating leverage at play. Though this quarter witnessed softness in top-line performance sequentially, we expect an uptick in volume would result in sales recovery in FY23. Additionally, Greenfield Project Phase 2 contribution from mid-FY24 to FY25 would drive revenue growth over the medium term. We expect Balaji Amines earnings to register 22% CAGR over FY23–25e. We remain positive on BAL due to: (i) commencement of DMC and propylene glycol plant (August 2022), (ii) improvement in capacity utilisation of DMF and acetonitrile plant, (iii) firm realisation and higher utilisation of BSC products, and (iv) strong capex pipeline spread over the next two years. We revise our earnings estimates upwards by 1–3% for FY23–25e and raise our target price to INR4,250; we maintain 'BUY'. At our TP, BAL trades at 25x FY24e EPS. Key catalysts are: (i) regulatory approval for BSC IPO and (ii) capacity ramp-up of DMC and propylene glycol.

Q4FY22: Balaji Amines entered FY23 with a strong momentum; we expect it to achieve higher profitability in FY23, driven by robust volume growth (28%). We expect top line growth of 14% based on our expectation that prices will cool off (peaked in 4QFY22). However, we strongly believe BAL would be able to sustain healthy EBITDA/kg, which would drive margin expansion resulting in EPS CAGR of 22% over FY22-25e. We remain positive on BAL due to (i) increase in contribution from better-margin products such as DMF following debottlenecking; (ii) commercialisation of DMC and propylene glycol capacity in Q1FY23 (iii) strong demand for BSC's products, leading to improvement in utilisation; and (iv) strong capex pipeline – four new plants to be set up by FY24 end, which would drive the next leg of growth. We maintain BUY with a target price of INR4,150. Our estimates remain largely unchanged and, on our TP BAL, trades at 25x FY24 EPS. Key risks are: (i) DMF & EDA prices sees steep fall in prices and (ii) Lower than expected capacity utilisation of DMC plant in FY23, together it could result in 5% downside to our estimates.



Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Financials

Income statement (Consolidated)

| Year to March (INR Cr) | FY21 | FY22 | FY23E | FY24E | FY25E |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Income from operations | 1,311 | 2,320 | 2,522 | 3,048 | 3,576 |
| Total operating expenses | 938 | 1,690 | 1,797 | 2,200 | 2,581 |
| EBITDA | 373 | 630 | 725 | 847 | 995 |
| Depreciation and amortisation | 34 | 42 | 54 | 67 | 83 |
| EBIT | 339 | 588 | 671 | 780 | 912 |
| Interest expenses | 18 | 17 | 11 | 8 | 8 |
| Profit before tax | 327 | 578 | 670 | 782 | 914 |
| Provision for tax | 83 | 160 | 168 | 196 | 229 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Core profit | 243 | 418 | 502 | 585 | 684 |
| Minority interest | -5 | -49 | -95 | -89 | -76 |
| Adjusted net profit | 238 | 368 | 407 | 496 | 608 |
| Diluted shares (Cr) | 3 | 3 | 3 | 3 | 3 |
| EPS (INR) fully diluted | 74 | 114 | 126 | 153 | 188 |
| Dividend per share | 4 | 6 | 7 | 8 | 10 |
| Dividend payout (%) | 5 | 5 | 5 | 5 | 5 |

Common size metrics- as % of net revenues

| Year to March | FY21 | FY22 | FY23E | FY24E | FY25E |
|----------------------|------|------|-------|-------|-------|
| Operating expenses | 71.5 | 72.8 | 71.2 | 72.2 | 72.2 |
| Depreciation | 2.6 | 1.8 | 2.2 | 2.2 | 2.3 |
| Interest expenditure | 1.4 | 0.7 | 0.4 | 0.3 | 0.2 |
| EBITDA margins | 28.5 | 27.2 | 28.8 | 27.8 | 27.8 |
| Net profit margins | 18.2 | 15.9 | 16.1 | 16.3 | 17.0 |

Growth metrics (%)

| Year to March | FY21 | FY22 | FY23E | FY24E | FY25E |
|---------------|-------|------|-------|-------|-------|
| Revenues | 40.1 | 76.9 | 8.7 | 20.8 | 17.3 |
| EBITDA | 106.5 | 68.8 | 15.1 | 16.8 | 17.5 |
| PBT | 139.5 | 77.1 | 15.9 | 16.6 | 16.9 |
| Net profit | 116.4 | 54.7 | 10.4 | 22.0 | 22.5 |
| EPS | 116.4 | 54.7 | 10.4 | 22.0 | 22.5 |

Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Balance sheet (INR Cr)

| As on 31st March | FY21 | FY22 | FY23E | FY24E | FY25E |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Equity share capital | 6 | 6 | 6 | 6 | 6 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Reserves & surplus | 888 | 1,243 | 1,628 | 2,097 | 2,672 |
| Shareholders' funds (After MI) | 910 | 1,315 | 1,794 | 2,353 | 3,004 |
| Total Debt | 100 | 73 | 48 | 48 | 48 |
| Deferred Tax Liabilities | 47 | 68 | 68 | 68 | 68 |
| Sources of funds | 1,057 | 1,456 | 1,911 | 2,469 | 3,120 |
| Gross block | 790 | 970 | 1,111 | 1,261 | 1,461 |
| Depreciation | -247 | -289 | -343 | -410 | -494 |
| Net block | 543 | 681 | 768 | 851 | 967 |
| Capital work in progress | 173 | 141 | 150 | 200 | 100 |
| Total fixed assets | 716 | 822 | 918 | 1,051 | 1,067 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Inventories | 110 | 222 | 242 | 292 | 343 |
| Sundry debtors | 306 | 588 | 639 | 772 | 906 |
| Cash and equivalents | 20 | 52 | 357 | 642 | 1,136 |
| Loans and advances | 142 | 180 | 180 | 180 | 180 |
| Other current assets | 0 | 0 | 0 | 0 | 0 |
| Total current assets | 577 | 1,042 | 1,418 | 1,887 | 2,565 |
| Sundry creditors and others | 192 | 347 | 362 | 402 | 442 |
| Provisions | 40 | 55 | 55 | 55 | 55 |
| Total CL & provisions | 232 | 402 | 418 | 458 | 498 |
| Net current assets | 345 | 640 | 1,000 | 1,429 | 2,067 |
| Misc expenditure | -4 | -6 | -7 | -11 | -14 |
| Uses of funds | 1,057 | 1,456 | 1,911 | 2,469 | 3,120 |
| Book value per share (INR) | 281 | 406 | 554 | 726 | 927 |

Cash flow statement

| Year to March | FY21 | FY22 | FY23E | FY24E | FY25E |
|--------------------------------|------------|-----------|------------|------------|------------|
| Net profit | 307 | 513 | 502 | 585 | 684 |
| Add: Depreciation | 34 | 42 | 54 | 67 | 83 |
| Add: Misc expenses written off | -6 | -7 | 11 | 8 | 8 |
| Add: Deferred tax | 0 | 0 | 0 | 0 | 0 |
| Gross cash flow | 335 | 547 | 567 | 661 | 776 |
| Less: Changes in W. C. | 225 | 315 | 54 | 140 | 141 |
| Operating cash flow | 110 | 232 | 513 | 521 | 635 |
| Less: Capex | 132 | 148 | 150 | 200 | 100 |
| Free cash flow | -22 | 84 | 363 | 321 | 535 |

Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

Ratios

| Year to March | FY21 | FY22 | FY23E | FY24E | FY25E |
|------------------------------|------|------|-------|-------|-------|
| ROAE (%) | 30.2 | 33.1 | 26.2 | 23.9 | 22.7 |
| ROACE (%) | 36.0 | 47.2 | 40.4 | 36.0 | 32.9 |
| Debtors (days) | 85 | 93 | 93 | 93 | 93 |
| Current ratio | 2.4 | 2.5 | 3.3 | 4.0 | 5.0 |
| Inventory (days) | 31 | 35 | 35 | 35 | 35 |
| Payable (days) | 26 | 30 | 30 | 30 | 30 |
| Cash conversion cycle (days) | 89 | 97 | 97 | 97 | 97 |
| Debt/EBITDA | 0.3 | 0.1 | 0.1 | 0.1 | 0.0 |
| Adjusted debt/Equity | 0.1 | 0.0 | -0.2 | -0.2 | -0.4 |

Valuation parameters

| Year to March | FY21 | FY22 | FY23E | FY24E | FY25E |
|--------------------|-------|-------|-------|-------|-------|
| Diluted EPS (INR) | 73.5 | 113.7 | 125.5 | 153.2 | 187.6 |
| Y-o-Y growth (%) | 116.4 | 54.7 | 10.4 | 22.0 | 22.5 |
| Diluted P/E (x) | 24.0 | 18.4 | 23.9 | 19.6 | 16.0 |
| Price/BV(x) | 10.7 | 7.4 | 5.4 | 4.1 | 3.2 |
| EV/Sales (x) | 4.4 | 4.1 | 3.7 | 3.0 | 2.4 |
| EV/EBITDA (x) | 15.5 | 15.0 | 13.0 | 10.8 | 8.7 |
| Diluted shares O/S | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Basic EPS | 73.5 | 113.7 | 125.5 | 153.2 | 187.6 |
| Basic PE (x) | 24.0 | 18.4 | 23.9 | 19.6 | 16.0 |

Q2FY23 Result Update

Balaji Amines Ltd

Strong capex led volume surge to drive long-term growth, Maintain BUY

The Team

| Analysts | Sector |
|------------------|---|
| Vinay Khattar | Head of Research |
| Sandeep Raina | Head - Fundamental |
| Sagar Doshi | Head - Trading |
| Arun Jain | Practice Head - Trading |
| Kavita Chacko | Chief Economist |
| Amit Agarwal | Infra, Real Estate, Hotels |
| Praveen Sahay | Consumer Durables, Building materials, Healthcare services, Hospitality |
| Kapil Jagasia | Consumption, Textile, QSR, Retail |
| Raj Jha | BFSI, NBFC |
| Jigar Jani | BFSI, NBFC |
| Ranvir Singh | Pharma, Chemicals |
| Himanshu Yadav | Cement, Logistics, Mid-caps |
| Sushil Sharma | IT, Capital Goods, Defence |
| Tushar Chaudhari | Metals, Mid- Caps |
| Parag Shah | Technical Analyst |
| Ankit Narshana | Option Trader |
| Nikhil Shetty | Mid Caps |

| Sales Team | Location |
|------------------|-----------|
| Sharad Tripathi | Mumbai |
| Ketan Malkan | Mumbai |
| Vikas Sharma | Bengaluru |
| Abhishek Agarwal | Kolkata |
| Vivek Khanna | Delhi |

Coverage Universe

| Sr. No | Coverage |
|--------|---|
| 1 | Aditya Birla Fashion & Retail Ltd |
| 2 | Aegis Logistics Ltd |
| 3 | Amber Enterprises India Ltd |
| 4 | Astral Ltd |
| 5 | Balaji Amines Ltd |
| 6 | Bata India Ltd |
| 7 | Birla Corporation Limited |
| 8 | Can Fin Homes Ltd |
| 9 | Century Plyboards India Ltd |
| 10 | Cholamandalam Inv and Finance Ltd |
| 11 | City Union Bank Ltd |
| 12 | CreditAccess Grameen Ltd |
| 13 | Crompton Greaves Consumer Electricals Ltd |
| 14 | CSB Bank Ltd |
| 15 | Deepak Nitrite Ltd |
| 16 | Easy Trip Planner Ltd |
| 17 | Escorts Ltd |
| 18 | Finolex Industries Ltd |
| 19 | Home First Finance Company India Ltd |
| 20 | Indo Count Industries Ltd |
| 21 | K P R Mill Ltd |
| 22 | KNR Constructions Ltd |
| 23 | Krishna Institute of Medical Sciences Ltd |
| 24 | Lumax Industries. Ltd |
| 25 | Metropolis Healthcare Ltd |
| 26 | Minda Industries Ltd |
| 27 | Motherson Sumi Ltd |
| 28 | Navin Fluorine International Ltd |
| 29 | Neogen Chemicals Ltd |
| 30 | Newgen Software Technologies Ltd |
| 31 | Orient Electric Ltd |
| 32 | PSP Projects Ltd |
| 33 | Rossari Biotech Ltd |
| 34 | Shriram Transport Finance Company Ltd |
| 35 | SRF Ltd |
| 36 | Vinati Organics Ltd |
| 37 | Voltas Ltd |
| 38 | Westlife Development Ltd |
| 39 | Zybus Wellness Ltd |
| 40 | Tarsons Products Ltd |
| 41 | MTAR Technologies Ltd. |
| 42 | S J S Enterprises Ltd |

| Sr. No | Tactical Buy |
|--------|--------------------------------|
| 1 | ACC Ltd |
| 2 | Ajanta Pharma Ltd |
| 3 | Ambuja Cements Ltd |
| 4 | Ashok Leyland Ltd |
| 5 | Axis Bank Ltd |
| 6 | Bharat Electronics Ltd |
| 7 | Brigade Enterprises Ltd |
| 8 | DLF Ltd |
| 9 | eClerx Services Ltd |
| 10 | Globus Spitiis Ltd |
| 11 | GNA Axles Ltd |
| 12 | HDFC Life Insurance Co. Ltd |
| 13 | ICICI Bank Ltd |
| 14 | Indusind Bank Ltd |
| 15 | Jamna Auto Industries Ltd |
| 16 | JK Cement Ltd |
| 17 | Larsen & Toubro Ltd |
| 18 | Mahindra and Mahindra Ltd |
| 19 | Max Financial Services Ltd |
| 20 | Max Healthcare Institute Ltd |
| 21 | PNC Infratech Ltd |
| 22 | RBL Bank Ltd |
| 23 | Sun Pharma Ltd |
| 24 | TechMahindra Ltd |
| 25 | Ultratech Cement Ltd |
| 26 | Elecon Engineering Company Ltd |
| 27 | Kennametal India Ltd |

Edelweiss Broking Limited, 1st Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kiroi Road, Kurla(W)
Board: (91-22) 4272 2200

Vinay Khattar

Head Research

vinay.khattar@edelweiss.in

Disclaimer

Edelweiss Broking Limited ("EBL" or "Research Entity") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. The business of EBL and its associates are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance. There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. This research report has been prepared and distributed by Edelweiss Broking Limited ("Edelweiss") in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000000172.

Broking services offered by Edelweiss Broking Limited under SEBI Registration No.: INZ000005231 (Member of NSE, BSE, MCX and NCDEX). EBL CIN: U65100GJ2008PLC077462. Research services offered by Edelweiss Broking Ltd. under SEBI Registration No. INH000000172. Depository Participant SEBI Registration No.: IN-DP-656-2021 with NSDL having DP ID: IN302201 & IN303719 and with CDSL having DP ID: 12032300. Investor grievance resolution team: 040-41151621; Email ID: Helpdesk@edelweiss.in (for trading related) and dpserviceseb@edelweiss.in (for demat related). Name of the Compliance Officer for Trading & DP - Mr. Pranav Tanna, Email IDs: complianceofficer.ebl@edelweissfin.com / ebl.dpcompliance@edelweissfin.com. Edelweiss Broking Ltd. also acts in the capacity of distributor for Products such as OFS, Mutual Funds and NCD etc
Corporate Office: Edelweiss House, Off CST Road, Kalina, Mumbai - 400098, Contact 18001023335 / (022)-42722200 / 022-40094279.

This Report has been prepared by Edelweiss Broking Limited in the capacity of a Research Analyst having SEBI Registration No. INH000000172 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject EBL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. EBL reserves the right to make modifications and alterations to this statement as may be required from time to time. EBL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. EBL is committed to providing independent and transparent recommendation to its clients. Neither EBL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of EBL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of EBL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

EBL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the EBL to present the data. In no event shall EBL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the EBL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

EBL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. EBL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with EBL.

EBL or its associates may have received compensation from the subject company in the past 12 months. EBL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. EBL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EBL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EBL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or EBL's associates may have financial interest in the subject company. EBL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No
EBL has financial interest in the subject companies: No

Disclaimer

EBL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

EBL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimer for U.S. Persons

Edelweiss is not a registered broker – dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition Edelweiss is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by Edelweiss, including the products and services described herein are not available to or intended for U.S. persons.

This report does not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services and/or shall not be considered as an advertisement tool. "U.S. Persons" are generally defined as a natural person, residing in the United States or any entity organized or incorporated under the laws of the United States. US Citizens living abroad may also be deemed "US Persons" under certain rules.

Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

Additional Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Additional Disclaimer for Canadian Persons

Edelweiss is not a registered adviser or dealer under applicable Canadian securities laws nor has it obtained an exemption from the adviser and/or dealer registration requirements under such law. Accordingly, any brokerage and investment services provided by Edelweiss, including the products and services described herein, are not available to or intended for Canadian persons.

This research report and its respective contents do not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services.

Disclosures under the provisions of SEBI (Research Analysts) Regulations 2014 (Regulations)

Edelweiss Broking Limited ("EBL" or "Research Entity") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. The business of EBL and its associates are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance. There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. This research report has been prepared and distributed by Edelweiss Broking Limited ("Edelweiss") in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000000172.